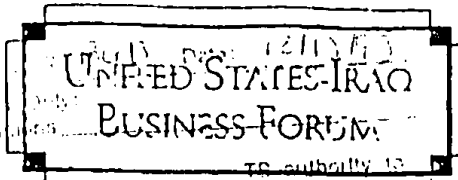


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November 20, 1986

Honorable George P. Shultz
Secretary of State
Washington, D.C. 20520

Dear Secretary Shultz:

I am writing you in my capacity as Chairman of the Board of Directors of the U.S.-Iraq Business Forum. The restoration of diplomatic relations between our two countries inspired the formation of this organization to facilitate the growth of commercial relations with Iraq. To date, forty American companies have joined the Business Forum and are seeking to expand U.S.-Iraq trade. It is my privilege to send this letter on their behalf, including some specific proposals for your consideration.

The process of opening up commercial relations has been occasionally bumpy because the organization of our two economies is so different. Moreover, the hiatus of seventeen years without diplomatic relations has resulted in the Government of Iraq and its agencies now being unfamiliar with many of our banking and commercial procedures. Financing, for example, is difficult for Iraq in the seventh year of the war, but in the business community we regard this as a cash-flow problem rather than a long-term structural credit problem. Nevertheless, much has been accomplished toward reopening today's Iraqi market. Some recent problems that had developed for Iraq with Export-Import Bank guaranteed credits have been resolved or are very close to resolution. Just this month, twenty-eight American corporations have exhibited in the U.S. Government-organized pavilion of the Baghdad International Trade Fair. The progress being made should be maintained.

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In view of disclosures about secret U.S. Government arms shipments to Iran, we ask that practical, constructive, nonpolitical steps be taken to reassure Iraq of continuing U.S. interest in its development and to preserve the gains that have been so laboriously achieved. Our Board of Directors and the members of the Business Forum are very concerned that we not lose the forward momentum in our trade relations. The following are suggested measures that, if pursued and publicized by the U.S. Government, might provide a timely boost to the process of solidifying the improvements thus far achieved in our trade and overall bilateral relationship:

1) It would be desirable for the Export-Import Bank to extend an invitation to Iraq to send one or two officers from the Ministry of Finance or Central Bank to visit the Export-Import Bank for several weeks to become acquainted with its policies, procedures, and personnel in order to service better Ex-Im credits and guarantees.

2) Despite the cash-flow problems created by the war and the recent decline in oil prices, Iraq is now making a sincere effort to meet its financial commitments to U.S. companies. We hope that the Export-Import Bank will expand the amount and lengthen the term of Ex-Im credits available to finance U.S. exports. Additionally, a medium- or long-term loan from the Export-Import Bank for Iraq would be an important, welcome gesture to be undertaken at an appropriate time in the near future.

3) Iraq wants mechanization and training in the agricultural sector. Indeed, the Minister of Agriculture recently asked for U.S. assistance in research, animal husbandry, agricultural machinery, irrigation equipment, technology transfer, and training. This interest should be addressed, perhaps through USDA's market-development programs; expansion of food-product purchases under the commodities-credit program also might be explored.

4) We are encouraged by the signing of a memorandum of understanding between the Scientific Research Council of Iraq and the Smithsonian Institution on November 13 to strengthen scientific and technical cooperation. There are, however, other agreements that might be completed between governmental and quasi-governmental agencies, including signing the commercial agreement negotiated one year ago.

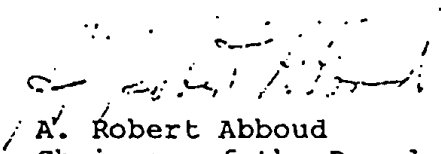
5) A special inter-agency task force under your Department's leadership might review the middle-income country programs that might be applied to Iraq for expanding cultural and scientific exchange programs, scholarships, academic expert and visiting lecturer programs, agricultural training programs, and international development assistance such as child immunization.

6) A group of corporate and banking leaders might be convened under your auspices, along with government officials, to explore areas of commercial ties that might benefit our two countries. If you agree we, as members of the U.S.-Iraq Business Forum, would be prepared to work with your designee.

Iraq, like the United States, has, over the past several years, made significant efforts, first, to normalize and then to expand relations. Recent events may paradoxically have presented the U.S. with a new opportunity to show that it continues to value Iraq as a force for moderation and stability in the region. The actions we have suggested might provide timely and tangible means for such an expression which, we are sure, you have already begun weighing.

The U.S.-Iraq Business Forum, its President, former Ambassador Marshall W. Wiley, and its active Board of Directors, stand ready to work with you and other officials of the executive branch to protect the beneficial commercial relations that have begun to link our two countries. Please let us know if we can be of further assistance.

Sincerely,



A. Robert Abboud
Chairman of the Board

Enclosure: List of Member Companies of the
U.S.-Iraq Business Forum

cc: Honorable Malcolm Baldrige, Secretary of Commerce
Honorable James A. Baker, Secretary of the
Treasury